



# IRP PEER REVIEW

## **Final Report for:** ***Michigan***

*October 20-22, 2020*

### **Peer Review Team:**

Don Lee, Compliance & Review, Kansas Department of Revenue  
Craig Johnson, IRP Manager, Pennsylvania Safety Administration  
Tiffany Black, Revenue Tax Auditor I, Indiana Department of Revenue  
Sharon Hughes, Tax Auditor III, MS Department of Revenue  
Ken Carey, IRP, Inc.

## **INTRODUCTION**

The IRP peer review program has been designed for the conduct of compliance reviews of member jurisdictions participating in the International Registration Plan (IRP). Using a review team consisting of IRP administrative and auditor Peer Review Committee members, with the assistance of one IRP, Inc. staff member, the peer reviews ensure jurisdictions comply with the requirements set within the IRP Plan. This process will lend to the sharing of ideas among the jurisdictions and will identify areas where clarification is needed either with the Plan itself or the Audit Procedures Manual.

A peer review was conducted on the IRP operations of Michigan's IRP Section on October 20-22, 2020. This review was conducted remotely by Don Lee (KS), Craig Johnson (PA), Tiffany Black (IN), Sharon Hughes (MS) and Ken Carey, IRP, Inc. The peer review team found that Michigan was in compliance with all areas of the Plan and Audit Procedures Manual with the exception of those items found on pages 4 and 6.

## **SUMMARY OF MICHIGAN'S IRP OPERATIONS**

IRP registrations are processed in a single location with a staff of eleven full time equivalents. Michigan uses the Fast programming system to process IRP registrations. Michigan maintains a quarterly staggered registration schedule. In addition to IRP Registrations, the IRP staff processes PRISM/ITD.

Trip Permits in Michigan are issued by Permitting Services.

Michigan joined the IRP Clearinghouse in September 2010. Michigan maintains a monthly transmittal period with fees and transmittal information distributed separately to non-Clearinghouse jurisdictions. Fees are transmitted by the Michigan Department of State – Office of Financial Services.

Michigan permits refunds for unused credentials, dual registrations and overpayments. Credits are permitted for vehicles added with a deletion on the same supplement. GVW (intrastate) plates can be turned in for credit toward Michigan's portion of the IRP Registration fee.

IRP audits are conducted by the Michigan Department of State with a staff of one auditor.

## **SECTION I - IRP ADMINISTRATIVE OPERATIONS AREAS IN COMPLIANCE WITH IRP REQUIREMENTS**

The Peer Review Committee's review of the following sections of the International Registration Plan indicated that Michigan was in compliance with these Sections.

### **Article II, DEFINITIONS**

**Section 305 – SELECTION OF BASE JURISDICTION**

**Section 315 – APPLICATION PROCESS**

**Section 320 – DISTANCE ESTIMATES BY BASE JURISDICTIONS**

**Section 325 – VARIANCE OF REGISTERED WEIGHTS**

**Section 400 – CALCULATION OF APPORTIONABLE FEES**

**Section 410 – NO MINIMUM REGISTRATION FEE; COLLECTION OF OTHER FEES PERMITTED**

**Section 415 – ADDITIONAL JURISDICTIONS**

**Section 420 – NEW FLEETS**

**Section 430 – FLEET CONSOLIDATION**

**Section 435 – REFUNDS AND CREDITS**

**Section 440 – CREDIT FOR REPLACEMENT VEHICLES**

**Section 445 – FOREIGN EXCHANGE**

**Section 505 – CANCELLATION OF REGISTRATION**

**Section 510 – OPERATION UNDER PLAN REGISTRATION**

**Section 530 – UNLADEN VEHICLE REGISTRATION – HUNTER'S PERMIT**

**Section 600 – CREDENTIALS FOR APPORTIONED REGISTRATION**

**Section 605 – DISPLAY OF REGISTRATION CREDENTIALS; RENEWAL CREDENTIALS**

**Section 610 – CONTENTS OF THE CAB CARD**

**Section 620 – TEMPORARY EVIDENCE OF APPORTIONED REGISTRATION**

**Section 705 – REGISTRATION IN BASE OF SERVICE REPRESENTATIVE**

**Section 710 – REGISTRATION IN BASE OF CARRIER**

**Section 805 – DETERMINATION OF DISTANCE**

**Section 905 – RENTAL PASSENGER CARS**

**Section 910 – RENTAL UTILITY TRAILERS**

**Section 915 – ONE-WAY VEHICLE**

**Section 1050 – NETTING AUDIT ADJUSTMENTS**

**Section 1060 – AUDIT TRANSMITTALS**

**Section 1200 – COOPERATIVE AGREEMENT**

**Section 1205 – FEE CHANGES**

**Section 1210 – TIMELY COLLECTION OF APPORTIONABLE FEES**

**Section 1215 – FEE TRANSMITTALS**

**Section 1225 – FEE TEST**

**Section 1400 – BOARD ACTION-RAISING OF ISSUES**

**SECTION I**  
**IRP ADMINISTRATIVE OPERATIONS**  
**AREAS NOT IN COMPLIANCE WITH IRP REQUIREMENTS**

None Identified

## **SECTION II**

### **IRP AUDIT PROGRAM COMPLIANCE REVIEW**

### **AREAS IN COMPLIANCE WITH AUDIT REQUIREMENTS**

The Peer Review Committee's review of the following sections of the International Registration Plan and Audit Procedures Manual indicated that Michigan was in compliance with these Sections.

**Section 1000 – RETENTION AND AVAILABILITY OF RECORDS**

**Section 1005 – ADEQUACY OF RECORDS**

**Section 1010 – CONTENTS OF RECORDS**

**Section 1015 – INADEQUATE RECORDS; ASSESSMENT**

**Section 1020 – SCOPE OF AUDITS**

**Section 1025 – FREQUENCY of AUDITS**

**Section 1030 – JOINT AUDITS**

**Section 1035 – BASE JURISDICTION AUDIT EXPENSES**

**Section 1040 – REEXAMINATIONS**

**Section 1045 – FINDINGS OF A REEXAMINATION**

**Section 1050 – NETTING AUDIT ADJUSTMENTS**

**Section 1055 – Audit Reports**

**Section 1060 – AUDIT TRANSMITTALS**

**Section 1065 – AUDIT APPEALS**

**Section 1070 – FINALITY OF AUDIT FINDINGS**

**Section 1220 – ANNUAL REPORT OF ACTIVITY**

**APM 201 – Proficiency and Due Professional Care**

**APM 202 – Study and Evaluation**

**APM 203 – Planning and Supervision**

**APM 204 – Auditor Independence**

**APM 205 – Audit Program**

**APM 206 – Working Paper Documentation**

**APM 301 – Auditor Qualification**

**APM 302 – Auditor Responsibilities**

**APM 401 – Pre-Audit Notification**

**APM 402 – Opening Conference**

**APM 403 – Request for Records**

**APM 404 – Exit Conference**

**APM 502 – Evaluation of Internal Control**

**APM 503 – Sampling and Extrapolation Procedures**

**APM 504 – Estimated Distance Audit Procedures**

**APM 505 – Actual Distance Audit Procedures**

**APM 702 – Records Reviews**

**SECTION II**  
**AUDIT OPERATIONS**  
**AREAS NOT IN COMPLIANCE WITH AUDIT REQUIREMENTS**

**APM 601 – Audit Report**

**Findings:** Michigan does not meet the current APM requirements of documenting the following items in all their audit reports:

**Registrant Information:**

(xiv) Summary of Registrant's business operations

**Evaluation of Internal Controls:**

- (i) Summarize the evaluation of the Registrant's internal controls including:
  - (2) Strengths and weaknesses in internal controls
  - (3) Changes in the Registrant's accounting procedures during the audit period

**Opening Conference:**

- (i) Provide the date and persons attending

**Closing Conference:**

Indicate date and persons attending

**APM 501 – Preliminary Audit Procedures**

(c) The auditor must identify, and document in the Audit file, the population of Vehicles in the Registration Year and in the Reporting Period pertaining to the Fleet subject to Audit. The auditor must either:

- (i) list the Vehicles to be audited, indicating at least:
  - (1) equipment number;
  - (2) unit weight;
  - (3) Vehicle identification number; and
  - (4) inclusive months each Vehicle was in the Fleet; or

**Findings:** The audit files reviewed did not consistently document the vehicles in the registration year and the reporting period.

(d) The auditor must apply analytical procedures to the Registrant's application subject to Audit. As a part of the analytical procedures, the auditor should summarize application information, note unusual trends or variances, and draw conclusions. The analytical procedures must be documented in the Audit file.

**Findings:** The audit files reviewed did not document any findings of the auditor summarizing application information or noting any unusual trends or variance.

## **CLOSING CONFERENCE**

A closing conference was scheduled with appropriate jurisdiction officials upon the completion of the peer review to discuss the results of the peer review. The review team presented their findings in a preliminary report.

## **MEETING INFORMATION**

**DATE & TIME:**            **Thursday October 22, 2020 @ 4:00 pm. Eastern Time**

**PLACE:**                    **Conference Call**

### **JURISDICTION STAFF PERSONS IN ATTENDANCE:**

Dawn VanAken

Chris Blundell

Sheryl Ferrigan

Gina Feguer

Wila Phiri

## **INTERNATIONAL REGISTRATION PLAN PEER REVIEW STAFF**

**Administrative**

Don Lee  
Craig Johnson

**Auditors**

Tiffany Black  
Sharon Hughes

**IRP, Inc. Staff**

Ken Carey